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SUBJECT: THE POLITICS OF SINGUR

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11. (SBU) Summary: The conflict in Singur over land acquisition for the new Tata Motors Nano automobile factory has been the theater on which the ruling Communist Party of India - Marxist (CPM) and West Bengal's primary opposition party Trinamul Congress Party (TMC) have staged their latest epic battle. Despite historic talks mediated for the first time by a state Governor and threats of West Bengal losing the world famous Tata Nano plant, the CPM and TMC appear to both be set on being the winner of this conflict rather than accepting a political tie. With national elections coming in the New Year, Singur-like conflicts are likely to continue in West Bengal. If CPM and TMC leaders are not careful, there will be no winner from these destructive battles and, the loser will most likely be the West Bengal economy. End summary.

Background on Singur Impasse

12. (U) The two and one-half year-old Singur crisis is centered on the CPM-led Government of West Bengal's (GOWB) acquisition of land for Tata's famous Nano car. According to post contacts, when the GOWB granted land concessions to Tata, it believed it was strong enough to offer land and generous incentives to corporations without any political opposition. The GOWB was therefore surprised when the speed and lack of transparency in the land acquisition process prompted a backlash among farmers in the area who were unwilling to sell their land. The TMC, a regional opposition party led by fire-brand Mamata Banerjee, took up the cause of the farmers and has led a series of protests against the land acquisition, mainly in Nandigram and Singur. As a result of protests in Singur, Tata Motors has ceased construction work on its Nano factory until protests over land acquisitions are ended.

13. (U) After Tata announced the possibility of pulling out of Singur and with no prospect of CPM and TMC finding a compromise that met Tata's requirements, West Bengal Governor Gopalkrishna Gandhi agreed to mediate talks between the two parties. This is the first time in Indian history that a state governor has mediated a political conflict of this kind. The grandson of Mahatma Gandhi, Gopalkrishna Gandhi commands considerable respect in West Bengal. Gandhi hosted Chief Minister Buddhadeb Bhattacharjee and Banerjee at the Governors Mansion on September 7 and they hammered out a vague arrangement known as the "Sunday Agreement," which ended TMC's siege of Singur pending a final settlement for the farmers.

14. (U) Soon after the "Sunday Agreement" was reached, TMC and CPM announced conflicting understandings of what had been decided. TMC continued to demand that no less than 300 acres inside of the Tata project zone plus an additional 100 acres

outside of the zone be returned to the farmers. TMC also demanded additional cash compensation for the farmers. The GOWB offered 70 acres within the project zone, unspecified alternate land outside of the project zone and a 50 percent cash premium over the original acquisition price to all of the affected farmers. The GOWB also offered an additional 10 percent premium to farmers if they accepted the deal by September 22. The GOWB guaranteed one job per family if a family member failed to find a job with a private sector company associated with the project. With no agreement in site, TMC has called for renewed protests on September 25.

Singur vs. Nandigram

15. (U) There have been numerous comparisons between the current Singur situation with the previous land acquisition furor in Nandigram, where an outpouring of violence led to the deaths of 14 people at the hands of police. However, there are significantly different socio-economic dynamics that play into the political calculus. Nandigram is 60 percent Muslim; literacy is very low; it has no industrial base of which to speak; and it is a rural area far from large urban centers such as Kolkata. In this social environment, heavy-handed land seizure by the GOWB without consulting the local population and without transparency was met with severe resentment, ultimately enabling TMC to score major gains in local elections.

16. (U) Conversely, Singur is geographically much closer to Kolkata; it has an industrial history (Hindustan Motors manufactures the Ambassador automobile in nearby Hooghly district); the Muslim population is significantly lower (25 percent); literacy rates are higher; and the local population is much more receptive to industrial development. As a result, 80 percent of the roughly 10,000 landowners willingly accepted the GOWB's initial offer in Singur, despite the speed and lack of transparency of the transaction. In contrast to Nandigram, the GOWB has not used force to remove protestors despite the closer

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of a national highway and the inability of Tata workers to the worksite.

TMC: A Formidable Challenger

17. (SBU) Through the force of Mamata Banerjee's personality, TMC has become the principal opposition party in West Bengal, winning a significant number of seats in the local panchayat elections in May 2008 (see reftel). Political analysts describe Banerjee as autocratic, eccentric, mercurial, and not particularly well suited for coalition politics. While Banerjee claims she has no political goals beyond her current seat in Parliament, a senior TMC member confirmed to CG what is widely believed -- that Banerjee wants to be Chief Minister of West Bengal.

18. (SBU) TMC has a long way to go, however, before it can topple CPM's decade's long hold on power in West Bengal. In the last state assembly elections in 2006, TMC garnered roughly 21 percent of the vote compared with the CPM's 51 percent. The remaining votes were split as follows: Congress 15 percent; BJP 8 percent; and all others 5 percent. Officially, the TMC is part of the National Democratic Alliance (NDA) which is led by BJP. Unofficially, the TMC has been operating alone and has made no public appearances with BJP in several years. According to post contacts, Banerjee has avoided allying herself with BJP for fear of losing the Muslim vote, particularly since Banerjee's constituency was recently redrawn to include an additional 30,000 Muslims. While TMC is closer ideologically to the Congress Party, it had not joined the United Progressive Alliance (UPA) because the CPM had been a UPA ally. Even though CPM has now left the UPA, contacts tell post that Banerjee is hesitant to partner with the Congress Party because of tensions created by Banerjee's split from Congress in 1998 and the fact that both parties target essentially the same voter groups.

19. (SBU) In the Singur standoff, Banerjee has proven to be a

shrewd politician. She entered into talks with the CPM only after public opinion shifted against TMC after Tata's announcement that it might abandon its Nano factory in Singur. According to post contacts, Banerjee sensed that the TMC would be blamed if Tata leaves West Bengal and quickly made pro-industry and pro-development comments in an appeal to both rural and urban constituencies. This shift in approach appears to have worked, with Banerjee once again being portrayed as a champion of the people.

CPM: Confused by Strong Opposition

¶10. (SBU) According to post contacts, the CPM is finding it difficult to respond to TMC's challenge of CPM's decades-long hold on power in West Bengal. Land acquisition has become the field in which this struggle for power is playing out. Initially, Nirupam Sen represented the CPM in talks with TMC. Sen, an ally of Prakash Karat (the General Secretary and head of the national CPM), took a hard line stance against all TMC demands. However, after the "Sunday Agreement," Sen disappeared from the negotiations and was replaced by Minister of Housing Gautam Deb, a former aide of 94-year old former Chief Minister Jyoti Basu. (Note: Basu still wields substantial political influence within the CPM and is Buddadeb Bhattacharjee's mentor. End note.) In his capacity as Housing Minister, Deb has extensive experience in structuring land acquisitions and is believed to be the chief architect of the CPM's latest offer to TMC.

Comment

¶11. (SBU) TMC is clearly gaining support in the battle over Singur; but if the conflict is not settled soon and Tata pulls its Nano plant out of West Bengal, Banerjee will most likely find her hard earned successes slip away. If she is able to win concessions from the GOWB for local farmers, Banerjee will solidify her image as the defender of West Bengal's politically influential small farmers, for whom land ownership has been a cultural symbol of social and economic status. Still, TMC will need to ally with other opposition parties to topple CPM's hold on power and Banerjee's track record for coalition building is weak. TMC will also have to overcome doubts about its readiness to govern, given that it has no economic plan of its own and no organizational infrastructure.

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